



MOTOROLA

January 4, 2006

Honorable Frank Lavin
Under Secretary for International Trade
US Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Under Secretary Lavin:

Motorola is a *Fortune 100* global communications leader that provides seamless mobility products and solutions across broadband, embedded systems and wireless networks. We welcome this opportunity to express support for the Government of Ukraine's request that it be recognized as a "market economy" for purposes of US antidumping law.

Motorola has been present in Ukraine since 1994. All of our major businesses are represented in country and our sales revenue continues to grow. In November 2005, we established a local entity, Motorola Ukraine, reflecting our confidence that this market holds great promise for our businesses in the coming years.

We understand that the Commerce Department takes into account the following factors when considering whether to grant market economy status to a given country: currency convertibility; wage rate determination; ability to establish joint ventures and extent to which foreign direct investment is permitted; and government control of the means of production or allocation of resources.

Motorola does not presently experience any concerns with respect to any of these factors.

- Currency conversion is fairly liberal. Confidence in the currency convertibility was underscored in early 2005 when three credit rating agencies increased Ukraine's long-term foreign currency rating status from stable to positive, citing Ukraine's strong financial ratios, significant reform of the banking sector, and good external liquidity.¹

¹ Global Insight --World Markets Research Center



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- A free labor market exists in Ukraine and citizens' labor rights are guaranteed by the Ukrainian Constitution and Ukrainian Labor Code.²
- There are no major barriers to foreign investment or international trade. Ukrainian foreign investment law allows foreigners to purchase businesses and property, and to repatriate revenue and profits.
- The government maintains limited ownership and exerts minimal control of the means of production, outside the defense sector. The private sector represents 75% of total enterprise in Ukraine, over 91% of export,³ and more than 65% of the GDP.⁴ The remaining 25% of large scale government owned enterprise is anticipated to be phased out by 2006.⁵

Overall, companies have experienced significant liberation from government interference in the economy and day-to-day corporate governance. Various licensing requirements and burdensome regulations have been eliminated. Customs procedures have been simplified, and improvements in corporate tax administration have been significant. In April 2005, Resolution 482 – which mandated a complicated process for investing in and divesting from Ukraine by non-residents – was eliminated, further liberalizing the economy.

Finally, as you are no doubt aware, the Ukrainian Government recently signed a three-year Action Plan with the European Union, thus enabling the EU to recognize Ukraine as a market economy. For the reasons outlined above, we believe the US should follow suit and designate Ukraine a market economy for purposes of US antidumping law.

We appreciate the Department's consideration of Motorola's views as you move forward in making this important determination.

Sincerely,

Sergiy Yanchyshyn
Country Manager
Motorola Ukraine

² Ukrainian Rada <http://www.rada.kiev.ua/const/conengl.htm>

³ State Statistics Committee of Ukraine

⁴ EBRD Transition Report 2004-Ukraine

⁵ The Economist Intelligence Unit Ltd, May 27, 2005